



STATE OF ARIZONA

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May 23, 2008

The Honorable Jim Weiers
Speaker of the House
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: House Bill 2117; CORP; Member Contributions; Disability

Dear Speaker Weiers:

I have signed into law House Bill 2117, which, among other things, raises the employees' contribution rate to the Corrections Officer Retirement Plan. I have done so despite an error in House Bill 2117 brought to my attention by representatives of the affected employees. The error is that the new employee contribution rate was intended to take effect at the same time as House Bill 2117's effective date. Unfortunately, House Bill 2117 mistakenly commences the new employee contribution rate as of July 1, 2009. Despite this error, I am signing House Bill 2117 into law. We can correct the effective date of the employee contribution rate in coming appropriations bills.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano".

Janet Napolitano
Governor

JN:LK/jm

cc: The Honorable Timothy S. Bee
The Honorable Marian McClure

House Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

CHAPTER 234

HOUSE BILL 2117

AN ACT

AMENDING SECTION 38-891, ARIZONA REVISED STATUTES; REPEALING LAWS 2007,
CHAPTER 261, SECTION 17; RELATING TO CORRECTIONS OFFICER RETIREMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-891, Arizona Revised Statutes, is amended to
3 read:

4 38-891. Employer and member contributions

5 A. As determined by actuarial valuations reported to the employers and
6 the local boards by the fund manager, each employer shall make level per cent
7 of salary contributions sufficient under the actuarial valuations to meet
8 both the normal cost plus the actuarially determined amount required to
9 amortize the unfunded accrued liability over, beginning July 1, 2005 a
10 rolling period of at least twenty and not more than thirty years that is
11 established by the fund manager taking into account the recommendation of the
12 plan's actuary, except that, beginning with fiscal year 2006-2007, except as
13 otherwise provided, the employer contribution rate shall not be less than six
14 per cent of salary. For any employer whose actual contribution rate is less
15 than six per cent of salary for fiscal year 2006-2007 and each year
16 thereafter, that employer's contribution rate shall be at least five per cent
17 and not more than the employer's actual contribution rate. An employer may
18 pay a higher level per cent of salary thereby reducing its unfunded past
19 service liability. All contributions made by the employers and all state
20 taxes allocated to the fund shall be irrevocable and shall be used to pay
21 benefits under the plan or to pay expenses of the plan and fund. The minimum
22 employer contribution that is paid and that is in excess of the normal cost
23 plus the actuarially determined amount required to amortize the unfunded
24 accrued liability as calculated pursuant to this subsection shall be used to
25 reduce future employer contribution increases and shall not be used to pay
26 for an increase in benefits that are otherwise payable to members. The fund
27 manager shall separately account for these monies in the fund. Forfeitures
28 arising because of severance of employment before a member becomes eligible
29 for a pension or for any other reason shall be applied to reduce the cost to
30 the employer, not to increase the benefits otherwise payable to members.
31 After the close of any fiscal year, if the plan's actuary determines that the
32 actuarial valuation of an employer's account contains excess valuation assets
33 other than excess valuation assets that were in the employer's account as of
34 fiscal year 2004-2005 and is more than one hundred per cent funded, the fund
35 manager shall account for fifty per cent of the excess valuation assets in a
36 stabilization reserve account. After the close of any fiscal year, if the
37 plan's actuary determines that the actuarial valuation of an employer's
38 account has a valuation asset deficiency and an unfunded actuarial accrued
39 liability, the fund manager shall use any valuation assets in the
40 stabilization reserve account for that employer, to the extent available, to
41 limit the decline in that employer's funding ratio to not more than two per
42 cent.

1 B. EXCEPT AS PROVIDED BY SUBSECTION H, each member shall contribute
2 ~~eight and one-half~~ 7.96 per cent of the member's salary to the retirement
3 plan. Member contributions shall be made by payroll deduction. Continuation
4 of employment by the member constitutes consent and agreement to the
5 deduction of the applicable member contribution. Payment of the member's
6 salary less the deducted contributions constitutes full and complete
7 discharge and satisfaction of all claims and demands of the member relating
8 to salary for services rendered during the period covered by the payment.

9 C. Each participating employer shall cause the member contributions to
10 be deducted from the salary of each member. The deducted member
11 contributions shall be paid to the retirement plan within five working days
12 and shall be credited to the member's individual account.

13 D. During a period when an employee is on industrial leave and the
14 employee elects to continue contributions during the period of industrial
15 leave, the employer and employee shall make contributions based on the salary
16 the employee would have received in the employee's job classification if the
17 employee was in normal employment status.

18 E. The local board of the state department of corrections or the local
19 board of the department of juvenile corrections may specify a position within
20 that department as a designated position if the position is filled by an
21 employee who has at least five years of credited service under the plan, who
22 is transferred to temporarily fill the position and who makes a written
23 request to the local board to specify the position as a designated position
24 within ninety days of being transferred. On the employee leaving the
25 position, the position is no longer a designated position.

26 F. The local board of the state department of corrections or the local
27 board of the department of juvenile corrections may specify a designated
28 position within the department as a nondesignated position if the position is
29 filled by an employee who has at least five years of credited service under
30 the Arizona state retirement system and who makes a written request to the
31 local board to specify the position as a nondesignated position within ninety
32 days of accepting the position. On the employee leaving the position, the
33 position reverts to a designated position.

34 G. BEGINNING WITH FISCAL YEAR 2008-2009, if the aggregate computed
35 employer contribution rate that is calculated pursuant to subsection A is
36 less than six per cent of salary, beginning on July 1 of the following fiscal
37 year the member contribution rate prescribed in subsection B OR H is
38 permanently reduced by an amount that is equal to the difference between six
39 per cent and the aggregate computed employer contribution rate.
40 Notwithstanding this subsection, the member contribution rate shall not be
41 less than 7.65 per cent of the member's salary.

1 H. NOTWITHSTANDING SUBSECTION B, EXCEPT FOR A FULL-TIME DISPATCHER,
2 BEGINNING ON JULY 1, 2009, A MEMBER SHALL CONTRIBUTE 8.41 PER CENT OF THE
3 MEMBER'S SALARY TO THE RETIREMENT PLAN. AFTER THE CLOSE OF ANY FISCAL YEAR,
4 IF THE PLAN'S ACTUARY DETERMINES THAT THE AGGREGATE RATIO OF THE FUNDING
5 VALUE OF ACCRUED ASSETS TO THE ACCRUED LIABILITIES OF THE FUND IS AT LEAST
6 ONE HUNDRED PER CENT, FROM AND AFTER JUNE 30 OF THE FOLLOWING YEAR, EXCEPT
7 FOR A FULL-TIME DISPATCHER, A MEMBER SHALL CONTRIBUTE 7.96 PER CENT OF THE
8 MEMBER'S SALARY TO THE RETIREMENT PLAN. ADDITIONALLY, THE MEMBER'S
9 CONTRIBUTION TO THE RETIREMENT PLAN MAY ALSO BE PERMANENTLY REDUCED PURSUANT
10 TO SUBSECTION G.

11 Sec. 2. Repeal

12 Laws 2007, chapter 261, section 17 is repealed.

APPROVED BY THE GOVERNOR MAY 23, 2008.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 23, 2008.